
Navajo County Board of Supervisor Approves New Medical Insurance Model for County Employees at March 11 BOS Meeting

*Strategic Planning and Partnership with Summit HealthCare
Forge Unique Model for the Future*

Ladies and Gentlemen,

On Tuesday, March 11, 2014, the Navajo County Board of Supervisors considered a comprehensive presentation from the Administration Department, Summit Healthcare and a consulting firm called CBIZ regarding a yearlong effort to evaluate the County's healthcare options, and what steps could be taken to improve our organization's delivery of healthcare benefits to our employees in the months and years ahead. During the meeting, the Board voted unanimously to adopt a new self-insured model which was recommended by staff. Numerous aspects of the Navajo County Team's current and future needs were considered for this proposal, but particular attention was paid to offering a sustainable lower cost strategy and improving primary care accessibility.

During the past year, a great deal of input to this new model has been gathered from the Strategic Planning Team, the County's elected officials, the Personnel Commission, Summit Healthcare's executive team, a reputable and experienced consulting firm, and many other capable and qualified team members. During this process, the goal has been to improve the delivery of services to County employees, offer quality regional medical services and reduce the overall costs to both the County and our County employees. The effort has been extremely detailed and professional, and a number of options were explored to find the best solution to lower costs, and to keep a high level of service and comfort in the care we all depend on for ourselves and our loved ones.

Naturally, changes in any aspect of our benefits packages will raise questions. That is why the County has planned seventeen (17) meetings for employees to get the information that they need regarding this new model, and to explain the reasoning behind the need to change our organization's healthcare model. As you prepare to attend one of the meetings the following information will help introduce several of the major concepts regarding this issue.

It is **extremely** important you attend one of these meetings so you can learn about the plan design, get the updated rates and get all of your questions answered. **Please note that you may also invite your spouse to come to any of the meetings.**

Background

Since July 1, 2010, Navajo County has been participating as a member of the Arizona Public Employers Health Pool (APEHP). This 'trust' or 'pooled' arrangement is a self-funded partnership among several governmental organizations, and requires that participating members pay a monthly premium which gives them access to health, dental, life and vision benefits.

The partnership with APEHP has been important to Navajo County and our 600+ employees, but over the past few years, costs have continued to increase at an unsustainable rate. For FY13-14, the APEHP cost for Navajo County increased by 12.5% from FY12-13. APEHP recently announced that in FY14-15

the claim costs will increase by another 13.5%. Based on extensive analysis, APEHP does not have a comprehensive strategy to control the increasing costs, and has instead used trust reserves to repeatedly buy down the premium cost.

In an effort to seek other alternatives to the APEHP model, Navajo County has conducted an extensive analysis process with Summit Healthcare and consulting firm CBIZ, Navajo County created a new self-funded healthcare model that will help the County improve accessibility of medical service to its employees and control costs in the short and long term. The model has real and sustainable savings, but the real centerpiece and innovation derived from the new model is the result of a mutually beneficial partnership with Summit Healthcare.

New Model

Under the new model, County employees, and their dependents, will be able to visit Summit Healthcare facilities for primary care, specialized care and hospital services while still enjoying the broad coverage offered by the Aetna network for all medical needs. The partnership strategy with Summit Healthcare is based on improving market share with Navajo County employees by offering lower costs for medical services while improving care.

Summit Healthcare has contracted with Navajo County to provide hospital services at a cost that is 15% lower than our current Blue Cross/Blue Shield cost, and primary care that offers a 5% cost reduction. For primary care, employees and their dependents will have access to Summit offices across the region, and they will also have access to a new on-campus healthcare facility at Holbrook – “High Desert Healthcare” - that will be staffed by Summit Healthcare doctors and nurses. High Desert Healthcare will open for business on July 1, 2014 and in response to an employee survey will offer morning, evening, and Saturday hours. Employees and their dependents will be able to get primary care services, such as treatment for the common cold, biometric screening, routine immunizations, preventative exams, well women exams and several other services.

Please note that these savings, services and locations are ***not the only options*** for service. It should be made clear that the entire self-insured model will be under the Aetna healthcare service network. Therefore, employees and their covered dependents will still have access to doctors and services that are outside the sphere of Summit Healthcare, however, those options may not have the added savings which are part of the negotiated agreement which now exists with Summit Healthcare.

Savings + Health

Several aspects of the new model are projected to provide cost savings to employees and the County in a number of important areas. Pharmaceutical savings are projected at \$100,000 in the first year and \$250,000 over three years. Total savings are estimated to be at \$218,000 in the first year and \$819,000 over three years. The Healthy Lifestyle Initiative while offering minimal savings the first year will contribute to significant savings in future years. Comparable or better networks and benefits have been obtained for dental, vision and life insurance at lower costs.

Under the new model, healthcare to treat illness is not the only focus. In addition, the County, with guidance from our Health District, Summit and CBIZ will be adding a healthy lifestyle initiative to improve the health of employees and their dependents. The “Healthy Lifestyle Initiative” will be a multi-year strategy to increase education and awareness of health risks, conduct and incentivize biometric screenings for all employees and covered adult dependents at no cost. Summit Healthcare will provide their medical van so that the Biometric screening can be brought to each Navajo County location. Employees will be offered an incentive to take the Biometric Screening the first year of the plan.

The new healthcare model will offer three plans:

Silver Plan – The Silver Plan will offer employee premiums that are significantly lower than the current Core plan, affordable co-pay options when using Summit Healthcare services, and a \$1,000 deductible waiver when using Summit Healthcare hospital services.

\$1500 High Deductible Health Plan - The \$1500 HDHP offers a \$1,000 dollar Health Savings Account (HSA) that will be paid semi-annually (\$500 in July, 2014, and \$500 in January of 2015). The premium cost for this plan has increased slightly, and the increased costs are shared by the employee and the County. The use of the Summit Healthcare services after meeting the deductible will offer savings to enrolled employees.

\$2500 High Deductible Health Plan - The \$2500 HDHP offers a \$1,200 HSA that will also be paid semi-annually. The premium cost for this plan has increased slightly and the increased costs are shared by the employee and the County. The use of the Summit Healthcare services after meeting the deductible will offer savings to enrolled employees.

Additional Information & Opportunities to Ask Questions

Seventeen (17) employee meetings have been scheduled across the County to share with you the strategy, the plan designs, and their impact on you and your dependents. It is ***extremely*** important you attend one of these meetings so you can learn about the plan design, get the updated rates and get all of your questions answered. ***You may also invite your spouse to come to any of the meetings.***

Health Insurance Department Meetings

<u>Date</u>	<u>Time</u>	<u>Location</u>
Thursday, March 13, 2014	6:00 AM	Holbrook Road Yard
Thursday, March 13, 2014	8:00 AM	Holbrook Board of Supervisors Chambers
Thursday, March 13, 2014	9:30 AM	Holbrook Board of Supervisors Chambers
Thursday, March 13, 2014	11:00 AM	Holbrook Board of Supervisors Chambers
Thursday, March 13, 2014	1:00 PM	Holbrook Board of Supervisors Chambers
Thursday, March 13, 2014	2:00 PM	Holbrook Board of Supervisors Chambers
Monday, March 17, 2014	7:00 AM	Mogollon Complex
Monday, March 17, 2014	1:30 PM	Winslow Justice Court
Tuesday, March 18, 2014	6:00 AM	Show Low Road Yard
Tuesday, March 18, 2014	8:00 AM	Frontier Conference Room (Show Low)
Tuesday, March 18, 2014	9:00 AM	Frontier Conference Room (Show Low)
Tuesday, March 18, 2014	10:00 AM	Frontier Conference Room (Show Low)
Tuesday, March 18, 2014	1:00 PM	Pinetop/Lakeside Justice Court
Wednesday, March 19, 2014	11:00 AM	Jail
Wednesday, March 19, 2014	12:00 PM	Jail
Wednesday, March 19, 2014	2:00 PM	Snowflake Justice Court
Wednesday, March 19, 2014	5:00 PM	Jail

Open Enrollment

Open enrollment starts on Monday, April 14. Additional information from Human Resources will be provided in the near future.